

A meeting of the Federal Reserve Board was held in the office of the Board on Friday, February 25, 1921, at 11:25 a.m.

PRESENT: Governor Harding
 Mr. Platt
 Mr. Hamlin
 Mr. Miller
 Mr. Wills
 Mr. Williams
 Mr. Hoxton, Secretary.

Minutes of the meeting of the Board held February 24th were read and, on motion, approved.

The Governor reported the reserve positions of the several Federal Reserve banks as at close of business February 23d, and the status of rediscounts between the Federal Reserve banks as of the same date.

The Governor reported rediscount transactions, member bank promissory notes secured by Government obligations, rate 7%, as follows:

<u>Date</u>	<u>Bank redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Feb. 24	Dallas	Cleveland	\$4,000,000	11-15 days

Letter dated February 24th, from the Railway Loan Advisory Committee, requesting approval of a form of loan, in the amount of \$234,000, to be made to the New Orleans, Texas and Mexico Railway Company, under the provisions of Section 210 of the Transportation Act, 1920, as amended.

Approved.

Letter dated February 24th, from the Railway Loan Advisory Committee, requesting approval of a form of loan, in the amount of \$1,799,000, in six parts, to be made to the Peoria and Pekin Union Railway Company, under the provisions of Section 210 of the Transportation Act, 1920, as amended.

Approved.

Letter dated February 24th, from the Assistant Secretary of the Treasury, enclosing copy of letter to the Governor of the Federal Reserve Bank of Minneapolis authorizing the Helena Branch to commence coin and currency operations on March 1, 1921.

Noted.

Telegram dated February 24th, from the Chairman of the Federal Reserve Bank of San Francisco, advising that the Executive Committee of that bank has adopted recommendation to the Board of Directors for presentation at next Tuesday's meeting that L. C. Pontius be employed as Assistant Deputy Governor, at a salary of \$10,000 per annum.

Upon motion, the Secretary was directed to advise Mr. Perrin that the appointment of Mr. Pontius for the position and salary indicated will be approved by the Federal Reserve Board.

Draft of letter dated February 24th, to the Assistant Federal Reserve Agent at Cleveland with reference to interlocking directorates between the Union Trust Company, the Farmers Deposit National Bank, the Farmers Deposit Savings Bank, and the

Farmers Deposit Trust Company, all of Pittsburgh, Pa.

Referred to the Committee on administration of the Clayton Act with power.

Upon invitation, Messrs. Kenzel, Fancher, Curtiss, Sayre, Buck and Hopf, representing the Pension Committee of the several Federal Reserve banks, entered the meeting. At this point Mr. Williams withdrew from the meeting, at 11:53 a.m. Mr. Kenzel, in behalf of the Pension Committee, gave a brief statement of the essentials of the proposed pension plan, and distributed to the members of the Board the Committee's report thereon. Governor Harding suggested that the members of the Board would require time to examine the report of the Committee prior to further conference, and it was, therefore, ordered that the conference be resumed at 3 p.m. this afternoon. Thereupon, representatives of the Pension Committee withdrew from the meeting, and Mr. Williams entered at 12 o'clock.

Letter dated February 21st, from the Chairman of the Federal Reserve Bank of St. Louis, transmitting a request from the American Acceptance Council that the said bank furnish the Council periodically with reports upon the current condition of the acceptance market in that district.

Upon motion, referred to the Director of the Division of Analysis & Research, with the request that he take up with all Federal Reserve banks the matter of incorporating in the monthly reports of the Federal Reserve Agents a review of the current condition of the acceptance market in each district, with a view to supplying the American Acceptance Council with advance copies for publication by the Council after the publication of the several monthly reports.

With reference to the request of the Chairman of the Board of the Federal Reserve Bank of San Francisco that that bank be allowed to add four additional stories to its bank building, Governor Harding reported that the Consulting Architect had recommended that authority for such additional construction be granted by the Federal Reserve Board.

Upon motion, it was voted to authorize the Federal Reserve Bank of San Francisco to construct four additional stories to its bank building, at a cost of approximately \$900,000.

At this point Governor Harding advised the Board that the Chairman of the Federal Reserve Bank of New York was in the building, and it was, therefore, ordered that Mr. Jay be invited to attend the meeting.

Mr. Williams moved that in view of all conditions, including the success of the 6% rate in the Richmond, Cleveland, Philadelphia and San Francisco districts, the Federal Reserve Board request all the Federal Reserve banks, effective March 1, 1921, to adopt a maximum discount rate of 6%. (At this point Mr. Jay entered the meeting.) Mr. Williams also moved that the Federal Reserve Board requests the abolition as of March 1st of the progressive rate in all those districts where the progressive rate is now applied; also, that effective March 1, 1921, the Federal Reserve banks be requested to establish a rate of $4\frac{1}{2}\%$ upon member banks' loans secured by Liberty bonds in cases where the Liberty bonds were purchased origin-

ally by the member banks at par, such loans to be made on condition that the borrowers shall make reasonable reduction every 60 days, it being understood that the Federal Reserve banks shall not grant such loans at said $4\frac{1}{8}\%$ rate when they are applied for to obtain new money not needed for essential purposes, or not needed to prevent the borrower from being driven to the necessity of selling bonds costing him 100. The above $4\frac{1}{8}\%$ rate shall also apply to discount by Reserve Banks of notes made by the customers of member banks when secured by Liberty bonds which were paid for at par, and which belong to the borrowers as original subscribers.

It was unanimously agreed to postpone further discussion and action upon the said motions until 10 o'clock tomorrow morning.

REPORTS OF COMMITTEE NO. 1:

Dated February 24th, Recommending admission of State institutions as set forth in the auxiliary minute book as of this date, subject to the individual reports attached to each application.

Approved.

Dated February 25th, Recommending that authority be given to certain National banks to purchase stock in corporations organized under the Edge Act, as set forth in the auxiliary minute book as of this date.

Approved.

Dated February 24th, Recommending approval of the application of the Los Angeles Trust & Savings Bank to establish a branch at 120 Main Street, Huntington Beach, California.

Approved.

Dated February 23rd, Recommending refusal of the application of Mr. J. A. Durham to serve at the same time as director of the Independence Trust Co., and as director of the Commercial National Bank, both of Charlotte, N.C.

Approved.

Dated February 23rd, Recommending refusal of the application of Mr. W. S. Alexander to serve at the same time as director of the Commercial National Bank, and as director of the Charlotte National Bank, both of Charlotte, N.C.

Approved.

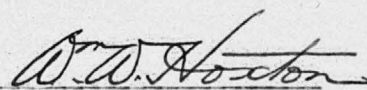
Dated February 23rd, Recommending approval of the application of Mr. John G. Mattos to serve at the same time as director of the First National Bank of Oakland, Cal. and as officer and director of the First National Bank, Centerville, Cal; and recommending refusal of Mr. Mattos' application to serve at the same time as director of the First National Bank of Oakland, and as officer and director of the Bank of Italy, San Francisco, Calif.

Approved.

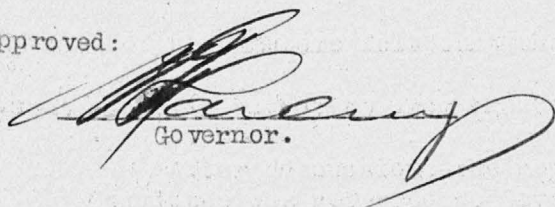
Dated February 23rd, Recommending approval of the application of Mr. George P. McNear to serve at the same time as director of the Bank of California, N.A., as president and director of the Sonoma County National Bank of Petaluma, Cal. and as vice president and director of the First National Bank of Sebastpool, Cal.

Approved.

At 1:10 p.m. the meeting adjourned.


Secretary.

Approved:


Governor.